Montana State Legislature

2013 Session

Additional Documents include:

*Business Report
*Roll Call-attendance
*Standing Committee Reports,
*Table Bills, Fiscal reports etc.
*Roll Call Votes
*Witness Statements
*Informational items
*Visitor Registrations
*Any other Documents;
~Petitions if any?
~Any and all material handed in after the meeting end.

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BUSINESS REPORT

MONTANA HOUSE OF REPRESENTATIVES
63rd LEGISLATURE - REGULAR SESSION

HOUSE JOINT APPROPS SUBCOM ON JUDICIAL BRANCH, LAW ENFORCEMENT, AND JUSTICE

Date: Monday, January 21, 2013
Place: Capitol

Time: 9:00 A.M.
Room: 335

BILLS and RESOLUTIONS HEARD: NONE

EXECUTIVE ACTION TAKEN: NONE

Comments: Hearing - Department of Corrections

REP. Steve Gibson, Chair

HOUSE OF REPRESENTATIVES
Roll Call
JUDICIAL BRANCH, LAW ENFORCEMENT, AND JUSTICE JOINT SUBCOMMITTEE

DATE: 01/21/2013

NAME	PRESENT	ABSENT/ EXCUSED
SEN. ED WALKER, VICE CHAIR	X	
REP. RANDY BRODEHL	X	
REP. KIMBERLY DUDIK	X	
SEN. ERIC MOORE	X	
SEN. MITCH TROPILA		X
REP. STEVE GIBSON, CHAIR	X	

MONTANA House of Representatives
Visitors Register
HOUSE JOINT APPROPS SUBCOM ON JUDICIAL BRANCH, LAW ENFORCEMENT, AND JUSTICE COMMITTEE

Monday, January 21, 2013

Hearing - Department of Corrections

PLEASE PRINT

Name	Representing	Support	Oppose	Info
John Daugherty	Corrections			
Mike McKee	Board of Pardons & Parole	X		
Fern Osler	Board of Pardons & Parole	X		

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.

Additional Documents:

Montana Innocence Project written testimony on HB 2 – Office of Public Defender Budget Discussion/Action
Submitted by Jessie McQuillan, Executive Director

Department of Administration Director's Office Memorandum – RE: Improvements to the Montana Mental Health Nursing Care Center

Montana Correctional Enterprises 2015 Biennium Report on Internal Service and Enterprise Funds 2015

Montana Correctional Enterprises Rate Increases Affect on Other Agencies 2015 Biennium

Montana Department of Corrections Fact Sheet – Reentry: The tools to succeed

Adult Community Corrections Division

Annual Percentage Change in General Fund Expenditures FY 2008-2012

Department of Corrections 2013 Organizational Chart

MONTANA
INNOCENCE
PROJECT

A 501(C)(3) NONPROFIT PUBLIC CHARITY
P.O. BOX 7607, MISSOULA, MT 59807 • (406) 243-6698 • WWW.MTINNOCENCEPROJECT.ORG

**Due to conflicting obligations, our staff was unable to travel to Helena to offer this testimony in person. Thank you to the Joint Appropriations Subcommittee for considering this information and input. If you have any questions, please contact Executive Director Jessie McQuillan at (406) 243-6698.*

HB 2 – Office of Public Defender Budget Discussion/Action
Testimony submitted by Jessie McQuillan, Executive Director

- The Office of Public Defender (OPD) is an important part of the infrastructure for Montana's justice system. Its attorneys consistently carry staggering caseloads, and demand for OPD resources continues to rise across the state. **We urge the Subcommittee to invest in the short- and long-term viability and success of OPD by providing necessary resources. Specifically, the budget request for 37 new FTEs is a critical component of OPD's ability to effectively manage its rising caseloads.**

- In Montana and nationwide, we have seen a direct relationship between overburdened attorneys and wrongful convictions. Mistakes made by overburdened attorneys don't just ruin lives and harm public safety, they also have real costs when the state must compensate for the damages done. Montanan Jimmy Bromgard served 15 years for a Billings rape before DNA evidence cleared him. Hopelessly ineffective counsel from a public defender played a key role in this case, and the state ultimately paid Bromgard $3 million to compensate for his wrongful conviction.

- **It makes good sense to adequately fund OPD, a lynch-pin of our justice system, rather than dealing with the costly consequences of an overburdened, underfunded agency.**

- Montana Innocence Proejct is a statewide 501(c)3 nonprofit organization dedicated to correcting and preventing wrongful convictions through the use of DNA and other evidence. We run a legal clinic affiliated with the UM School of Law and Journalism and review innocence claims where DNA and other evidence may establish that an innocent person was wrongly convicted of serious felony crimes. To date, 302 people have been exonerated and freed by DNA evidence, including three Montanans. We also work with state and local policy makers to protect the integrity of Montana's justice system by adopting proven reforms that improve the accuracy of our system and prevent wrongful convictions.

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE

BRIAN SCHWEITZER, GOVERNOR

JANET R. KELLY, DIRECTOR

STATE OF MONTANA

(406) 444-2032
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MITCHELL BUILDING
125 N. ROBERTS, RM 155
PO BOX 200101
HELENA, MONTANA 59620-0101

MEMORANDUM

TO: Dan Villa

FROM: Mike Manion MM

DATE: September 25, 2012

RE: Improvements to the Montana Mental Health Nursing Care Center

You have asked that I analyze the September 7, 2012 opinion (Opinion) from the Legislative Services Division, Legal Services Office, addressing the improvements to the Montana Mental Health Nursing Care Center (Center). In preparing this analysis, I have reviewed the Opinion and other relevant statutes bearing on the issue.

SUMMARY

The Opinion focuses on §§ 17-7-211(2) and 18-2-102, MCA, which address the ability of the Budget Director to approve a long-range building program budget amendment and the authority of an agency to construct a state building, respectively. These two statutes, however, do not necessarily apply to the work being done at the Center. The simplest way to look at this is to separately analyze the statutory authority of the DPHHS and A&E and then interpret the statutes as a whole to ascertain legislative intent.

Here, the Budget Director did not approve a long-range building program budget amendment to HB 4 passed in 2007. Rather, DPHHS had the statutory authority under § 17-7-138, MCA, (Operating Budget statute) and § 17-7-139, MCA, (Program Transfer statute) to provide the funding without legislative review so long as the funding was not going to effect a significant change (defined as an operating budget change or transfer exceeding (i) $1 million or (ii) 25% of a budget category and the change or transfer is greater than $75,000) in agency or program scope, objectives, activities, or expenditures. The expenditures for the Center's improvements do not meet the statutory definition of a significant change. Under § 17-8-101(5), MCA, DPHHS had the authority to transfer this money to A&E for the work to be done.

Section 18-2-105, MCA, allows A&E to accept funds and authority from other agencies, and § 17-7-302, MCA, authorizes A&E to encumber the transferred funds from one fiscal year to the next for the alteration, repair, maintenance, or renovation of a state building.

Section 18-2-102, MCA, does state that legislative approval is necessary for constructing a building whose cost exceeds $150,000. Here, the 2007 Legislature in HB 4 approved $750,000 of improvements to the Center. A&E is not required to obtain additional legislative approval to spend transferred money for a construction project (even if the amount exceeded $150,000) so long as the transferred money was used for purposes within the scope of the initial legislative approval. The transferred money for the Center is being used for improvements to the Center, which is within the scope of the 2007 HB 4 legislative approval.

In short, A&E and DPHHS do have the authority to do the work as proposed.

FACTS

The Opinion outlines the basic facts regarding the improvements to the Center and the intended use for the renovated Wing D. Three statements, however, need clarification as I understand the facts. The Opinion states that the budget director, under § 17-7-211, MCA, has approved a long-range building program budget amendment to HB 4 passed in the 2007 session. *Opinion* at p.3. This is incorrect. Here, the Budget Director approved the transfer of money from DPHHS to A&E but not as a budget amendment to HB 4. This is an important distinction under the law because it dictates what statutes apply to this situation. Second, the Opinion references the expenditure of $813,000 for the Wing D renovation. The budget change documents, however, show that $924,094 was transferred. Finally, the Opinion states that the 2007 Legislature did not consider the renovation of Wing D when it approved HB 4. Yet, the project detail explanation attached to the Governor's Budget mentions the substantial problems with the various wings, including Wing D.

STATUTES

As noted in the Summary above, the easiest way for me to understand this issue is to separately discuss the statutory authority of DPHHS and A&E, and then analyze how these statutes interact together. First, I will review DPHHS's authority; next, I will analyze A&E's authority; and, finally, I will integrate these statutes so that the Legislature's intent is interpreted as a whole.

1. **DPHHS Statutes**

Under the Law section, the Opinion quotes a part of § 17-7-138(1)(a), MCA. *Opinion* at pp.5 &7. This statute discusses state agency expenditures and that significant changes in agency or program scope, objectives, activities, or expenditures must be submitted to the legislative fiscal analyst for review and comment by the legislative finance committee before any implementation of the change. The statute also provides that an agency or program is considered to have a significant change in its scope, objectives, activities, or expenditures if the operating budget change exceeds (i) $1 million or (ii) 25% of a budget category and the change is greater than $75,000. The Opinion acknowledges that DPHHS has not hit the $1 million threshold or the 25%/$75,000 threshold. *Opinion* at p. 7 ("Although DPHHS has not yet hit the $1 million mark, it is nearing it, so this statute may apply if the costs of alteration arise. Nevertheless, DPHHS intends to spend money from its 2011 HB 2 appropriation for the renovation of Wing D.") With this statement, the Opinion appears to acknowledge that DPHHS may spend this money for the Wing D improvements without the reviews noted in §17-7-138(1)(a), so long as the cost is below $1 million.

In addition, § 17-7-139(1), MCA, authorizes transfer of appropriations between programs within each fund type within each fiscal year so long as the transfer is not prohibited by law or a condition contained in the general appropriation act. Similar to the restriction in § 17-7-138, MCA, significant changes in agency or program scope, objectives, activities, or expenditures must be submitted to the legislative fiscal analyst for review and comment by the legislative finance committee before any implementation of the change. "Significant change" in this budget transfer context has the same basic thresholds as those included in § 17-7-138(1)(a)—that is, to be a significant change the transfer must exceed (i) $1 million dollars or (ii) 25% of a program's total operating plan and be greater than $75,000.

A&E received funding transfers from two DPHHS divisions – Addictive and Mental Disorders Division (AMDD) and Health Resources Division (HRD). The Center falls under AMDD's authority. The funding for either division was not restricted in HB 2. The funding from AMDD came from the operating expenses budget. The funding from HRD came from the benefits budget. It may have been clearer to have first moved the funding from the HRD program to AMDD because

AMDD is responsible for the Center. However, in the end this is not significant because the funding did not trigger the thresholds discussed above.

Both §§ 17-7-138(1)(a) and 17-7-139(1), MCA, measure a significant change in agency or program scope, objectives, activities or expenditures if the budget or transfer change exceeds either the $1 million threshold or the 25%/$75,000 threshold. Since neither of these thresholds has been met, DPHHS is not at this point required to provide an explanation to the legislative fiscal analyst for review and comment by the legislative finance committee. In other words, the budget changes were not "a significant change in agency or program scope, objectives, activities, or expenditures" as defined in §§ 17-7-138(1)(a) and 17-7-139(1), MCA.

If DPHHS has the authority to spend the money, how does this authority get transferred to A&E? Section 17-8-101(5), MCA, allows an agency to transfer to another agency the authority to expend appropriated money so long as the original purpose of the appropriation is maintained. In this case a reasonable way to determine if the original purpose has been maintained is to evaluate if DPHHS has the authority to make the expenditures under §§ 17-7-138(1)(a) and 17-7-139(1), MCA. At this point, it does given that the thresholds have not been reached. If that is so, then the transfer to A&E is consistent with the appropriation.

In summary, since the Budget Director did not approve a long-range building program budget amendment, § 17-7-211(2), MCA, does not apply. Sections 17-7-138 and 17-7-139, MCA, on the other hand, do allow DPHHS to provide the funding for the Center improvements without legislative review because the funding has not effected significant changes in agency or program scope, objectives, activities, or expenditures.

2. **A&E Statutes**

A&E has the authority to accept transferred funds under §§ 18-2-105(3) (the department may accept funds and authority from agencies) and 17-7-302, MCA, (an appropriation may be encumbered for the alteration, repair, maintenance or renovation of a building pursuant to the provisions Title 18, chapter 2).

The Opinion focuses on a state agency's authority to construct a building under § 18-2-102. The Opinion notes that "construction" includes alteration, repair, maintenance, and remodeling of a building and that this statute limits an agency's ability to construct a building without legislative approval if the cost exceeds $150,000. Given that the money transferred from DPHHS to A&E exceeds $150,000, the Opinion states that legislative approval was required. This is not necessarily the case.

In the 2007 session, HB 4 approved Center improvements totaling $750,000. A&E's project detail accompanying the Governor's budget explained that the work would have a positive effect on the Center by restoring the patient wings (including Wing D) and providing a living environment that is bright cheerful and in line with the Center's mission. The Legislature, therefore, did generally approve this overall project including renovation of Wing D.

As noted, DPHHS transferred the money to A&E. For fiscal years 2010, 2011 and 2012 and for many years before that, A&E has had numerous projects where the money transferred from an agency exceeded $150,000, but no additional legislative approval was received for the transfer. This is because the original project received the Legislature's approval (assuming it exceeded $150,000) and the transferred money was going to be spent within the parameters of the approved project scope. Generally, in interpreting statutes, courts defer to an agency's interpretation of a statute. *Lewis v. B & B Pawnbrokers, Inc.*, 1998 MT 302, 292 Mont. 82, 968 P.2d 1145.

3. **Synthesis of Statutes**

Given the above statutes, the following may be reasonably concluded:

- Section 17-7-211, MCA, does not apply. Rather, §§ 17-7-138(1)(a) and 17-7-139(1), MCA, authorize the funding.
- DPHHS may transfer the spending authority to A&E. §17-8-101(5), MCA.
- A&E may accept transferred funds. §§17-7-302 and 18-2-105(3), MCA.
- Transferred money spent on building improvements—even if greater than $150,000—does not need additional legislative approval so long as that money will be spent within the scope of the project initially approved by the Legislature. Section 18-2-102, MCA, does not require that the Legislature approve the expenditure in this case because the transferred money is being spent on improvements to the Center.
- Therefore, DPHHS and A&E have the statutory authority to proceed with the renovation.

Hopefully, this addresses the questions that you had.

Montana Correctional Enterprises

2015 Biennium Report on Internal Service and Enterprise Funds 2015

Fund	Fund Name	Agency	Agency Name	Program Name
6033	Prison Ranch	64010	Dept. of Corrections	Mont Correctional Enterprises

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Sales of Products	3,915,822	4,005,816	4,751,321	4,500,000	4,600,000	4,700,000
MFBN Cannery Service Revenues		-	-	-	-	-
Net Fee Revenue	3,915,822	4,005,816	4,751,321	4,500,000	4,600,000	4,700,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	3,915,822	4,005,816	4,751,321	4,500,000	4,600,000	4,700,000
Operating Expenses:						
Personal Services	1,437,799	1,387,871	1,393,101	1,422,909	1,482,299	1,544,658
Other Operating Expenses	2,544,843	2,540,013	2,587,111	2,608,013	2,634,093	2,660,434
Total Operating Expenses	3,982,642	3,927,884	3,980,212	4,030,922	4,116,392	4,205,092
Operating Income (Loss)	**(66,820)**	**77,932**	**771,109**	**469,078**	**483,608**	**494,908**
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(77,989)	25,941	139,268	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	(62,099)	-	-	-
Net Nonoperating Revenues (Expenses)	(77,989)	25,941	77,169	-	-	-
Income (Loss) Before Operating Transfers	(144,809)	103,873	848,278	469,078	483,608	494,908
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	61,000	-	-	-
Operating Transfers Out (Note 13)	-	-	(61,000)	-	-	-
Change in net assets	(144,809)	103,873	848,278	469,078	483,608	494,908
Total Net Assets- July 1 - As Restated	9,668,481	9,523,672	9,627,545	10,475,823	10,046,375	10,046,375
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	9,668,481	9,523,672	9,627,545	10,475,823	10,046,375	10,046,375
Net Assets- June 30	**9,523,672**	**9,627,545**	**10,475,823**	**10,944,901**	**10,529,983**	**10,541,283**
60 days of expenses (Total Operating Expenses divided by 6)	663,774	654,647	663,369	671,820	686,065	700,849

Appendix

Montana Correctional Enterprises

2015 Biennium Report on Internal Service and Enterprise Funds 2015

Fund	Fund Name	Agency #	Agency Name	Program Name
6034	MSP Institutional Industries	64010	Dept. of Corrections	Mont Correctional Enterprises

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Sale of Industries Products	2,387,949	2,274,090	2,528,434	2,500,000	2,539,178	2,552,237
Revenue from Fee B		-	-	-	-	-
Revenue from Fee C		-	-	-	-	-
Revenue from Fee D		-	-	-	-	-
Revenue from Fee E		-	-	-	-	-
Revenue from Fee F		-	-	-	-	-
Net Fee Revenue	2,387,949	2,274,090	2,528,434	2,500,000	2,539,178	2,552,237
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	2,387,949	2,274,090	2,528,434	2,500,000	2,539,178	2,552,237
Operating Expenses:						
Personal Services	1,192,206	1,030,032	936,909	1,010,926	1,079,662	1,127,297
Other Operating Expenses	1,209,710	1,219,752	1,366,317	1,252,791	1,294,981	1,301,641
Total Operating Expenses	2,401,916	2,249,784	2,303,226	2,263,717	2,374,643	2,428,938
Operating Income (Loss)	**(13,967)**	**24,306**	**225,208**	**236,283**	**164,535**	**123,299**
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(13,967)	24,306	225,208	236,283	164,535	123,299
Contributed Capital		-	-	-	-	-
Operating Transfers In (Note 13)		-	-	-	-	-
Operating Transfers Out (Note 13)		-	(265)	-	-	-
Change in net assets	(13,967)	24,306	224,943	236,283	164,535	123,299
Total Net Assets- July 1 - As Restated	1,852,044	1,838,077	1,862,383	2,087,326	2,323,609	2,488,144
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change		-	-	-	-	-
Total Net Assets - July 1 - As Restated	1,852,044	1,838,077	1,862,383	2,087,326	2,323,609	2,488,144
Net Assets- June 30	**1,838,077**	**1,862,383**	**2,087,326**	**2,323,609**	**2,488,144**	**2,611,442**
60 days of expenses (Total Operating Expenses divided by 6)	400,319	374,964	383,871	377,286	395,774	404,823

Requested Rates for Enterprise Funds
Fee/Rate Information

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Cost Per Pound for Laundry Services, including delivery						
Base Laundry Price for Customer	0.43	0.43	0.48	0.48	0.51	0.52
Delivery Charge per Pound						
Montana Developmental Center	0.05	0.05	0.05	0.05	0.05	0.05
Riverside Youth Correctional Facility	0.05	0.05	0.05	0.05	0.05	0.05
Montana Law Enforcement Academy	0.15	0.15	0.15	0.15	0.15	0.15
Montana Chemical Dependency Corp.	0.04	0.04	0.04	0.04	0.04	0.04
START Program	0.01	0.01	0.01	0.01	0.01	0.01
Montana State Hospital	0.01	0.01	0.01	0.01	0.01	0.01
University of Montana		0.20	0.20	0.20	0.20	0.20

Appendix

Montana Correctional Enterprises

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
6545	Vocational Education	64010	Dept. of Corrections	Mont Correctional Enterprises

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Motor Vehicle Maintenance Service	560,212	556,858	585,665	595,000	621,000	638,000
Net Fee Revenue	560,212	556,858	585,665	595,000	621,000	638,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	560,212	556,858	585,665	595,000	621,000	638,000
Operating Expenses:						
Personal Services	227,615	145,775	145,423	153,854	160,197	167,848
Other Operating Expenses	312,331	392,176	388,334	440,487	460,000	470,000
Total Operating Expenses	539,946	537,951	533,757	594,341	620,197	637,848
Operating Income (Loss)	**20,266**	**18,907**	**51,908**	**659**	**803**	**152**
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	20,266	18,907	51,908	659	803	152
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	20,266	18,907	51,908	659	803	152
Total Net Assets- July 1 - As Restated	17,667	37,931	56,838	108,746	109,405	110,208
Prior Period Adjustments	(2)	-	-	-		
Cumulative effect of account change	-	-	-	-		
Total Net Assets - July 1 - As Restated	17,665	37,931	56,838	108,746	109,405	110,208
Net Assets- June 30	**37,931**	**56,838**	**108,746**	**109,405**	**110,208**	**110,360**
60 days of expenses (Total Operating Expenses divided by 6)	89,991	89,659	88,960	99,057	103,366	106,308

Requested Rates for Internal Service Funds

Fee/Rate Information for Legislative Action

			Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Fee Group A -								
Rate 1	per hour	Labor Charge for Motor Vehicle Maint	$ 26.50	$ 26.50	$ 26.50	$ 26.50	$ 27.45	$ 28.45
Rate 2 (per unit)		Supply fee as a percentage of actual cost of parts	3%	3%	5%	5%	5%	5%
Rate 3		Parts are sold at actual cost						

Appendix

Montana Correctional Enterprises

2015 Biennium Report on Internal Service and Enterprise Funds 2015

Fund	Fund Name	Agency	Agency Name	Program Name
6572	MCE License Plate	6401	Dept. of Corrections	Mont Correctional Enterprises

	Actual FY10	Actuals FY11	Actuals FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Sale of License Plate Products	1,106,138	1,956,924	847,418	1,361,500	1,450,000	1,450,000
Net Fee Revenue	1,106,138	1,956,924	847,418	1,361,500	1,450,000	1,450,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	1,106,138	1,956,924	847,418	1,361,500	1,450,000	1,450,000
Operating Expenses:						
Personal Services	-	142,065	153,904	190,410	177,130	186,224
Other Operating Expenses	-	1,049,261	980,418	1,095,500	1,175,500	1,196,000
Total Operating Expenses	-	1,191,326	1,134,322	1,285,910	1,352,630	1,382,224
Operating Income (Loss)	**1,106,138**	**765,598**	**(286,904)**	**75,590**	**97,370**	**67,776**
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	1,106,138	765,598	(286,904)	75,590	97,370	67,776
Contributed Capital		24,109	-	-		
Operating Transfers In (Note 13)		1,425,265	-	-		
Operating Transfers Out (Note 13)		-	(1,222,061)	-		
Change in net assets	1,106,138	2,214,972	(1,508,965)	75,590	97,370	67,776
Total Net Assets- July 1 - As Restated	-	1,106,138	3,321,110	1,812,145	1,887,735	1,985,105
Prior Period Adjustments	-	-	-	-		
Cumulative effect of account change		-	-	-		
Total Net Assets - July 1 - As Restated	-	1,106,138	3,321,110	1,812,145	1,887,735	1,985,105
Net Assets- June 30	**1,106,138**	**3,321,110**	**1,812,145**	**1,887,735**	**1,985,105**	**2,052,881**
60 days of expenses (Total Operating Expenses divided by 6)	-	198,554	189,054	214,318	225,438	230,371

Requested Rates for Enterprise Funds
Fee/Rate Information

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Cost Per Set of Plates for MCE License Plates cost per set	6.20	6.20	6.20	6.20	6.20	6.20

Appendix

Montana Correctional Enterprises

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
6573	MCE Food Factory	64010	Dept. of Corrections	Secure Custody Facilities

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Food Product Sales	3,544,935	3,840,626	3,918,933	3,918,933	4,605,772	5,166,900
Net Fee Revenue	3,544,935	3,840,626	3,918,933	3,918,933	4,605,772	5,166,900
Investment Earnings	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	3,544,935	3,840,626	3,918,933	3,918,933	4,605,772	5,166,900
Operating Expenses:						
Personal Services	987,849	937,547	973,675	958,615	994,473	1,041,204
Other Operating Expenses	2,831,739	3,093,112	3,138,905	3,217,341	3,574,884	3,893,264
Total Operating Expenses	3,819,588	4,030,659	4,112,580	4,175,956	4,569,357	4,934,468
Operating Income (Loss)	**(274,653)**	**(190,033)**	**(193,647)**	**(257,023)**	**36,415**	**232,432**
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(274,653)	(190,033)	(193,647)	(257,023)	36,415	232,432
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	(170,000)	-	-	-
Change in net assets	(274,653)	(190,033)	(363,647)	(257,023)	36,415	232,432
Total Net Assets- July 1 - As Restated	3,133,060	2,858,407	2,668,374	2,304,727	2,047,704	2,084,119
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	3,133,060	2,858,407	2,668,374	2,304,727	2,047,704	2,084,119
Net Assets- June 30	**2,858,407**	**2,668,374**	**2,304,727**	**2,047,704**	**2,084,119**	**2,316,551**
60 days of expenses (Total Operating Expenses divided by 6)	636,598	671,777	685,430	695,993	761,559	822,411

Requested Rates for Internal Service Funds Fee/Rate Information for Legislative Action

		Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Tray Meal Prices to all customers							
	Base Tray-Hot/Cold	$ 1.69	$ 1.69	$ 1.73	$ 1.73	$ 2.14	$ 2.32
	Base Tray-Hot			$ 0.87	$ 0.87	$ 1.08	$ 1.18
	Detention Center Trays			$ 2.45	$ 2.45	$ 2.72	$ 2.92
	Accessory Package			$ 0.10	$ 0.10	$ 0.16	$ 0.16
Delivery Charge Per Trayed Meal							
	Delivery charge - per mile	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.50
	Deliver charge - per hour	$ 35.00	$ 35.00	$ 35.00	$ 35.00	$ 35.00	$ 35.00

Bulk Food is sold at cost, with a spoilage percentage added on and an overhead charge to cover operating expenses. Overhead charge is based on historical costs and volume of sales to the customer, as a percentage of overall food costs. Delivery is based on actual delivery costs.

		FY10	FY11	FY12	FY13	FY14	FY15
	Spoilage percentage to all customers	4%	4%	5%	5%	5%	5%
(Overhead Chrg)	Montana State Hospital			11%	11%	11%	11%
	MSH - supplies only	12%	12%				
	MSH - all overhead except supplies	6%	6%				
	Montana State Prison			77%	77%	76%	76%
	MSP - supplies only	77%	77%				
	MSP - all overhead except supplies	41%	41%				
	Treasure State Correctional Training			12%	12%	13%	13%
	TSCTC - supplies only	11%	11%				
	TSCTS - all overhead except supplies	6%	6%				

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Appendix
Disclaimer: Not all of the documents were developed by the Legislative Fiscal Division

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
6500	Agency Legal Services	4110	Agency Legal Services

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue	1,346,998	1,198,048	1,152,264	1,214,760	1,595,396	1,595,396
		-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Net Fee Revenue	1,346,998	1,198,048	1,152,264	1,214,760	1,595,396	1,595,396
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	66	48	-	-	-	-
Total Operating Revenue	1,347,064	1,198,096	1,152,264	1,214,760	1,595,396	1,595,396
Operating Expenses:						
Personal Services	1,115,119	1,067,438	977,213	1,328,547	1,389,741	1,392,716
Other Operating Expenses	262,780	232,237	219,272	243,270	178,363	178,788
	-	-	-	-	-	-
Total Operating Expenses	1,377,899	1,299,675	1,196,485	1,571,817	1,568,104	1,571,504
Operating Income (Loss)	**(30,835)**	**(101,579)**	**(44,221)**	**(357,057)**	**27,292**	**23,892**
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(30,835)	(101,579)	(44,221)	(357,057)	27,292	23,892
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(30,835)	(101,579)	(44,221)	(357,057)	27,292	23,892
Total Net Assets- July 1 - As Restated	(160,317)	(191,152)	(292,731)	(336,952)	(694,009)	(666,717)
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	(160,317)	(191,152)	(292,731)	(336,952)	(694,009)	(666,717)
Net Assets- June 30	**(191,152)**	**(292,731)**	**(336,952)**	**(694,009)**	**(666,717)**	**(642,825)**
60 days of expenses (Total Operating Expenses divided by 6)	229,650	216,613	199,414	261,970	261,351	261,917

Requested Rates for Internal Service Funds
Fee/Rate Information for Legislative Action

	Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY15
Fee Group A						
Attorney rate per hour	$ 93.00	$ 93.00	$ 93.00	$ 93.00	$ 95.50	$ 95.50
Invesitgators rate per hour	$ 53.00	$ 53.00	$ 53.00	$ 53.00	$ 55.50	$ 55.50

Montana Correctional Entprises Rate Increases
Affect on Other Agencies
2015 Biennium

Rate Increases by Agency

Agency or Program	Food Factory	Laundry	Motor Vehicle Maintenance	Total For Agency/Program
Montana State Prison	$ 1,419,542	$ 65,245	$ 6,046	$ 1,490,834
Treasure State Correctional Training Center	$ 71,020	$ 2,423	$ -	$ 73,443
Watch	$ 204,260	$ -	$ -	$ 204,260
Total DOC 6401	**$ 1,694,822**	**$ 67,668**	**$ 6,046**	**$ 1,768,536**
Montana State Hospital	$ 66,640	$ 26,415	$ -	$ 93,056
Montana Chemical Dependency Center		$ 1,007		$ 1,007
Total DPHHS 6911	**$ 66,640**	**$ 27,422**	**$ -**	**$ 94,063**

	Fiscal Year 2012 Budgeted	Fiscal Year 2013 Budgeted	Fiscal Year 2014 Budgeted	Fiscal Year 2015 Budgeted
Food Factory - 06573, Page D-157 and Page P-167				
Tray Meal Prices to all customers				
Base Tray-Hot/Cold	$ 1.73	$ 1.73	$ 2.14	$ 2.32
Base Tray-Hot	$ 0.87	$ 0.87	$ 1.08	$ 1.18
Detention Center Trays	$ 2.45	$ 2.45	$ 2.72	$ 2.92
Accessory Package	$ 0.10	$ 0.10	$ 0.16	$ 0.16
Delivery Charge Per Trayed Meal				
Delivery charge - per mile	$ 0.50	$ 0.50	$ 0.50	$ 0.50
Deliver charge - per hour	$ 35.00	$ 35.00	$ 35.00	$ 35.00
Bulk Food is sold at cost------------------------------	-->			

A spoilage percentage and operational overhead is added to food cost. Overhead charge is based on historical costs and volume of sales to the customer, as a percentage of overall food costs. Delivery is based on actual delivery costs.

	Fiscal Year 2012 Budgeted	Fiscal Year 2013 Budgeted	Fiscal Year 2014 Budgeted	Fiscal Year 2015 Budgeted
Spoilage percentage to all customers	5%	5%	5%	5%
Overhead Charge				
Montana State Hospital	11%	11%	11%	11%
Montana State Prison	77%	77%	76%	76%
Treasure State Correctional Training	12%	12%	13%	13%
Laundry - 06034, Page P-165				
Cost Per Pound for Laundry Services, including delivery				
Base Laundry Price for Customer	$ 0.48	$ 0.48	$ 0.51	$ 0.52
Delivery Charge per Pound				
Montana Developmental Center	$ 0.05	$ 0.05	$ 0.05	$ 0.05
Riverside Youth Correctional Facility	$ 0.05	$ 0.05	$ 0.05	$ 0.05
Montana Law Enforcement Academy	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Montana Chemical Dependency Corp.	$ 0.04	$ 0.04	$ 0.04	$ 0.04
START Program	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Montana State Hospital	$ 0.01	$ 0.01	$ 0.01	$ 0.01
University of Montana	$ 0.20	$ 0.20	$ 0.20	$ 0.20
Motor Vehicle Maintenance - 06545, Page D-158 and Page P-169				
Labor Charge for Motor Vehicle Maintenance	$ 26.50	$ 26.50	$ 27.45	$ 28.45
Supply fee as a percentage of actual cost of parts	5%	5%	5%	5%
Parts are sold at actual cost--------------------------	-->			
License Plate Factory, 06572, Page P-168 (not associated with any agency increase requests)				
Cost Per Set of Plates for MCE License Plates	$ 6.20	$ 6.20	$ 6.20	$ 6.20

Montana Department of Corrections
FACT SHEET
Reentry: The tools to succeed

Background

Reentry is not a new concept. Reentry refers to the transition of offenders from prison back to their communities. It also refers to the programs and services provided to offenders to help increase their chances of success in that transition.

An estimated 97 percent of all inmates eventually are released from prison and about 1,200 leave every year.

The goals of reentry programs are to provide offenders with skills and services needed to reduce recidivism, thereby, decrease future victimization and control correctional spending.

Reentry Initiative

The Department of Corrections, as is the case throughout the nation, is putting a renewed emphasis on the reentry services that it provides and, more importantly, is connecting the dots between prison, prerelease, treatment centers, parole and the communities in which offenders will be returning.

Three years ago, Sen. Kim Gillan of Billings brought together the departments of Labor and Corrections, Montana State University Billings and numerous community and faith-based partners to address the issues that female offenders face when they are released from incarceration. That began the Billings Area Reentry Task Force, which has used a pair of federal grants to launch a pilot reentry program for female offenders releasing into the Billings area. Grant funding will be ending in May of 2013.

In August 2011, the Department of Corrections created a task force to work with numerous state agencies, the university system, law enforcement, and faith-based and other community organizations; to on improving reentry services and creating better coordination among programs that can assist offenders.

The task force's first priorities were development of a new tool for assessing offenders' risk to return to prison, enhancing contacts with those in communities able to provide housing and jobs to offenders, and working more with offender families to improve chances of successful reentry.

Over

The task force identified a target population of inmates, who statistically are at greater risk to return to prison – those who are 25 years or younger or classified at a higher custody level when released from prison.

Inmates in one or both of those categories account for about one-third of all inmates released.

The task force set a goal of reducing the recidivism rate among that high-risk population by 10 percentage points. That would result in about 1,080 fewer offenders returning to prison during the next eight years. But the impact would go beyond that population and could result in about 900 fewer offenders returning to other correctional programs – prerelease and treatment centers – as well.

The potential long-term savings from those reductions could be substantial.

Reentry is about more than money. It is about salvaging lives and preventing future victims by giving offenders the tools they need to succeed and remain outside the correctional system.

ADULT COMMUNITY CORRECTIONS DIVISION

Pam Bunke, Administrator

Prepared for the 63rd Montana Legislature
January 2013

Compiled by Dee Glowacki

A Probation & Parole
B Interstate Bureau
C MASC
D TSCTC
E Prerelease Centers

PURPOSE OF REPORT

This report provides detailed descriptions of the programs managed by the Adult Community Corrections Division of the Montana Department of Corrections. The division represents a major portion of the corrections system and is responsible for the supervision and management of approximately eight out of every ten offenders under the state's jurisdiction.

Because of this responsibility, the division is a key component of the DOC's efforts to fulfill its mission by keeping the public safe, aiding offenders in successfully returning to communities, and ensuring that victims' concerns and needs are not forgotten.

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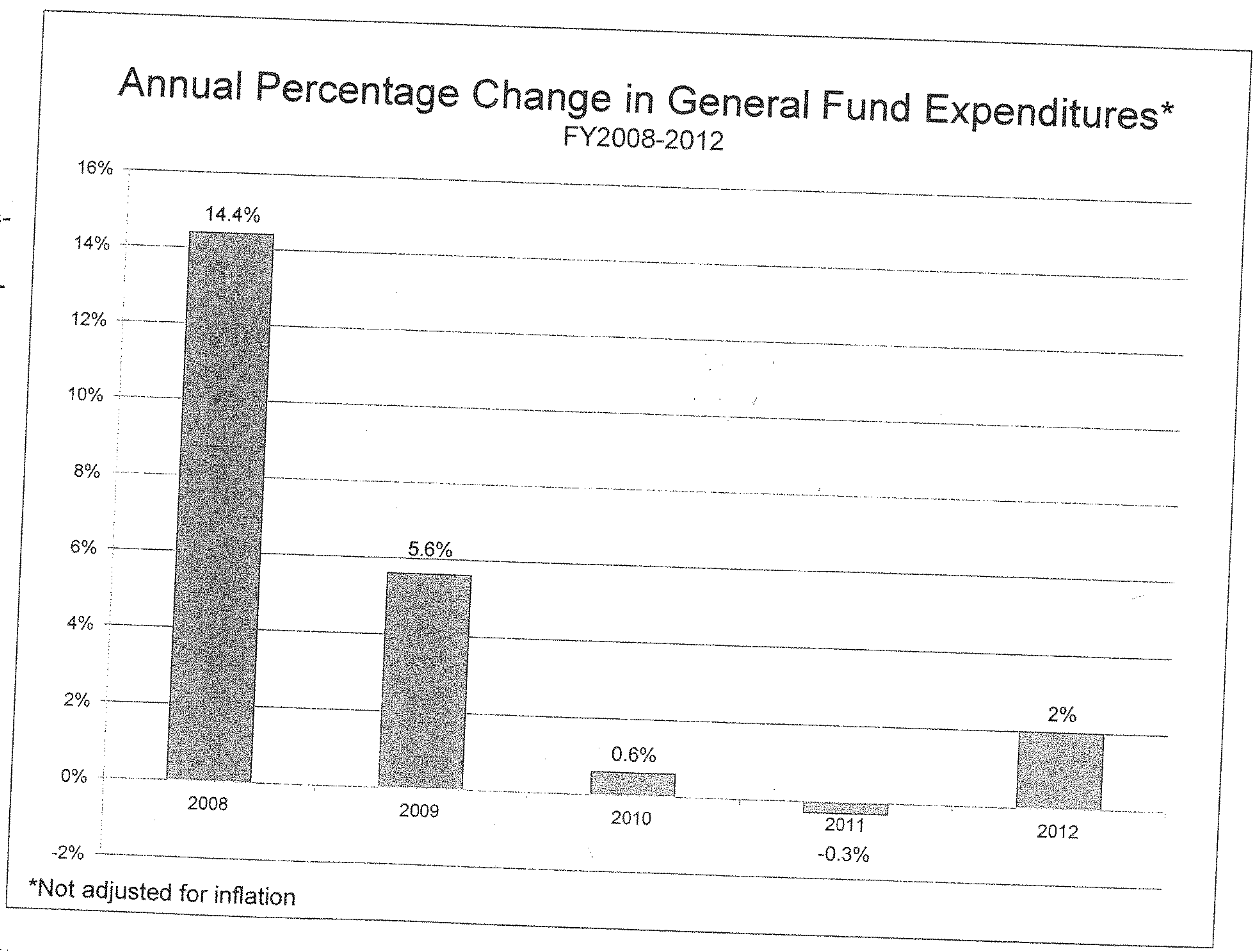
The annual change in corrections spending has declined dramatically since FY2008 when expendi-tures grew by14.4 percent. In 2011, the department actually received less general fund money than it did the year before.



Department of Corrections 2013 Organizational Chart